

## Department of Energy

## § 109-27.102-52

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AUTHORITY: Sec. 644, Pub. L. 95-91, 91 Stat. 599 (42 U.S.C. 7254).

SOURCE: 63 FR 19627, Apr. 20, 1998, unless otherwise noted.

### § 109-27.000-50 Definitions.

As used in this part the following definitions apply:

*Inventories* mean stocks of stores, construction, supplies, and parts used in support of DOE programs.

*Inventory management* means the efficient use of methods, procedures and techniques for recording, analyzing, and adjusting inventories in accordance with established policy. The following related functions are included:

(1) Providing adequate protection against misuse, theft, and misappropriation.

(2) Providing accurate analyses of quantities to determine requirements so that only minimal obsolescence losses will be encountered, while ensuring adequate inventory levels to meet program schedules.

(3) Providing adequate and accessible storage facilities and services based upon analyses of program requirements so that a minimum and economical amount of time is required to service the program.

*Stock record* means a device for collecting, storing, and providing historical data on recurring transactions for each line item of inventory.

*Sub-store* means a geographically removed part of the main store's operation conducted as a subordinate element of it and subject to the same management policies and inventory controls.

*Systems contracting* means a materials management purchasing technique for

the purchase of general, common-use, and repetitive supply items in a particular product family. An example is office supplies, purchased from a commercial vendor, that are needed for immediate use instead of purchasing in bulk for future use, storing in warehouses, and issuing to customers by use of a requisitioning system. Systems contracting and just-in-time contracting are synonymous.

### Subpart 109-27.1—Stock Replenishment

#### § 109-27.102 Economic order quantity principle.

##### § 109-27.102-1 Applicability.

Replenishment of inventories of stock items having recurring demands will be by use of the economic order quantity (EOQ) principle. However, when considered more suitable, designated contractors may use other generally accepted approaches to EOQ.

##### § 109-27.102-50 Systems contracting.

Systems contracting may be used instead of or along with EOQ once a determination is made that such a system is feasible and cost effective, and that adequate controls are in place to ensure proper use.

##### § 109-27.102-51 Policy.

Systems contracting for supply operations is a proven cost-effective approach to meeting procurement needs and may be implemented in DOE offices and designated contractors wherever significant cost savings to the Government will result. Impacts on local suppliers and small and disadvantaged business concerns should be considered in the overall business strategy.

##### § 109-27.102-52 Implementation.

(a) DOE OPMOs shall establish required property management controls relative to the implementation of systems contracting.

(b) DOE offices and designated contractors operating a materials management function who have not performed an initial feasibility study for the implementation of systems contracting shall perform such a study for selected